

People Analytics: getting down to business

What are the main issues surrounding People Analytics?

A qualitative research

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Data is becoming increasingly important. In 2019, nearly everything we do is being measured, recorded, analyzed and predicted. Organizations have also been doing this for quite some time: it is impossible to think of departments like Sales and IT without their use of data. While this is not the case for HR, the subject of People Analytics has definitively been gaining traction among academics the past couple of years. Nonetheless, organizations are experiencing issues in realizing measurable results that add value¹. Why is it that organizations still face trouble in organizing the domain of People Analytics?

In 2012, Josh Bersin published the Talent Analytics Maturity model². This model describes to what extent organizations show maturity in the way they organize People Analytics activities. It is remarkable that in 2012, 60% of organizations did not exceed the first level of reactive, operational reporting. Only a small minority (15%) of organizations engaged in the third level of strategic and/or the fourth level of predictive analytic activities. How does this model hold up in 2019?



Source: Bersin & Associates².

Based on survey data and interviews, there is a slight shift towards the second level of proactive, advanced reporting. Organizations are getting better at signaling issues related to HR and posing relevant questions. However, organizations still experience difficulties in surpassing the first and second level of reporting and they still face trouble in consistently engaging in strategic and predictive analytics. Years ago, John Boudreau wrote about the difficulties that HR departments experience in breaking through this 'wall' and since then, the Wall of Boudreau³ is a well-known phenomenon in the world of People Analytics. Where does this 'wall' come from and what can organizations do to tackle issues related to this?

In 2012, **60%** of organizations did not exceed the first level of reactive, operational reporting. In 2019, there is a **slight shift** towards the (2nd) level of proactive, advanced reporting. Yet the Wall of Boudreau is as relevant as it was in 2012.

First, let's take a look at the different approaches that organizations implement regarding People Analytics. There is quite some variation in the way organizations organize and implement this. Based on interviews with HR-managers, People Analytics consultants and other stakeholders, their organizations show three ways of organizing People Analytics:

1 No People Analytics related functions

Organizations that do not setup a People Analytics-related function, put analytical tasks with managers, HR advisors or HR domain specialists. One HR manager of a multinational pointed out that he thinks data analysis should be part of the job description of the general HR function.

2 One or two specialized People Analytics functions

Other organizations that are interviewed see People Analytics as a domain that requires specialized knowledge, so they install at least one or two specialized functions. This means that this function is responsible for signaling, analyzing and answering relevant data-related research questions, regarding people-related matters. This requires effective cooperation between (HR) business (partners) and IT and Business Intelligence.

3 A specialized People Analytics team

Finally, there are organizations that centralize all required knowledge in a Center of Expertise. When setting up a People Analytics team, you can think of reporting specialists, consultants, data scientists, data engineers, etc. All functions within the team have their own domain and responsibility. The consultant for example is responsible for proactively (or reactively) organizing a relevant people-related research, gaining visibility and for making results actionable.

What problems are organizations facing regarding People Analytics?

Organizations in this research unanimously agree on two bottlenecks surrounding organizing people Analytics. **First, there is a general analytical skill gap in the average HR function** within organizations. HR professionals do not seem to be engaged in statistical and analytical matters and seem to have little interest in developing this. Not engaging in discussions surrounding datasets, numerical representations of HR policies or the usage of advanced HR information systems is a serious limitation to effective, evidence-based decision making that can be enabled by People Analytics. Furthermore, when HR professionals are not able to participate in these analytical discussions, HR specific domain knowledge will be lost and only limited results and actions that emerge from data may be derived from People Analytics. Therefore People Analytics needs HR professionals just as much as HR professionals need People Analytics.

Second, organizations also unanimously describe issues related to data: data is spread throughout the organization or even absent, data is rogue, definitions differ from department to department or HR information systems do not function as well as they should be. Mainly these two matters are likely to interfere in activities, research and their results that could emerge from the domain of People Analytics and interventions should focus on these two topics.

What's important about these ways of organizing is that it seems that **the more specialized the People Analytics function is, the better the results become.**

HR professionals **do not seem to be engaged in statistical and analytical matters** and seem to have little interest in doing so, generally speaking.

What can organizations do to tackle these issues?

First, it is important to recognize the complexity that comes with successfully deploying People Analytics. From a pragmatic point of view, this is why it's recommended to introduce a dedicated People Analytics position, like a consultant. This consultant can be tasked to pose answers and actions to difficult questions where 'gut feeling' or experience does not seem to have an answer to. The People Analytics consultant could focus on the following tasks (depending on your specific business and context):

- 1 **Signaling relevant business questions and conducting research to realize impact**
- 2 **Overseeing initiatives that improve issues related to data or data registration**
- 3 **Managing the development of a data driven mindset within the HR department**
- 4 **Increasing visibility of, and support for, the People Analytics responsibility**

This way the People Analytics responsibility can gain support throughout an organization and gradually expand and specialize the function (i.e. reporting specialists, data scientists, consultants, etc.). This is how organizations can do justice to the complexities that People Analytics contain and in time create more effective organizations.

Our approach

Quintop's approach is iterative, interactive and pragmatic. We work closely with our customers and although HR is our natural habitat, we will make sure cross functional collaboration happens in each phase of the project. Your employees are at the heart of everything we do and technology is seen as an enabler, not as an objective in itself. As with every project we run, we are very passionate about achieving results together. We are looking forward helping you with your journey towards a growing people analytics organization.

First, it is important to recognize the **complexity** that arises with organizing People Analytics.

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¹Bersin, J. (2012, November 24). Big Data in Human Resource - Making it happen. Retrieved May 1,2019, from https://www.slideshare.net/jbersin/bigdata-in-human-resources-making-it-happen/36-Talent_Analytics_Maturity_Model_Level

³Cascio, W. F., & Boudreau, J. W. (2011). Investing In People: Financial Impact of Human Resource Initiatives. New Jersey, Verenigde Staten: Pearson Education.

²Levenson, A. (2017). Using workforce analytics to improve strategy execution. *Human Resource Management*, 57(3), 685–700. <https://doi.org/10.1002/hrm.21850>